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UNCLAS HARARE 002360

SIPDIS

SENSITIVE

STATE FOR AF/S  
NSC FOR SENIOR AFRICA DIRECTOR JFRAZER  
USDOC FOR 2037 DIEMOND  
PASS USTR ROSA WHITAKER  
TREASURY FOR ED BARBER AND CWILKENSON  
USAID FOR MAJORIE COPSON

E.O. 12958: N/A

TAGS: [EFIN](#) [ECON](#) [ETRD](#) [ZI](#)

SUBJECT: Biggest Trucker Expounds on Smuggling, Fuel

Sensitive but Unclassified. Not for Internet posting.

Ref: a) Harare 2339 b) Harare 2246

1. (SBU) Summary: As some U.S. business reps have pointed out to us (ref a), unrecorded trade transactions now comprise a sizeable chunk of Zimbabwe's economy. In fact, the country's largest trucker has confirmed reports of rampant smuggling, citing sugar, cigarettes and fuel as hot items. His firm has avoided halting deliveries during the ongoing fuel shortage by keeping large reserves. End Summary.

Smugglers capitalize on weak zimdollar

2. (SBU) Unifreight CEO David Cruttenden told us trucking companies are witnessing an explosion of smuggling out of Zimbabwe. The heavily-devalued zimdollar (having collapsed from 302 to 1,300/\$US on parallel markets in a year) coupled with price controls have created relative bargains here. Freight companies are clamping down on drivers, who are supplementing income by illicitly transporting cigarettes, sugar and other goods to neighboring countries. In one instance, a driver was caught hauling an extra 7 tons of smuggled goods in addition to his full load, creating a potential hazard to rig, road and other motorists. Once at the border, drivers make numerous trips back-and-forth, filling up on fuel in Zimbabwe for sale abroad.

Truckers maintain large reserves

3. (SBU) Known in-country mostly as Swift, Unifreight tries to keep 1 million liters of fuel in its own tanks. That's over 5 weeks reserve capacity, since Unifreight requires about 180,000 liters per week. Since June, the firm has been unable to fully replenish its reserve tanks, which have occasionally fallen to critical levels (i.e., less than 2 days supply). Cruttenden noted that suppliers have been selling him a disproportionate amount of fuel on weekends, when government monitors are off-duty. (Note: Sensitive to shortages at the pumps, the GoZ has sometimes instructed downstream operators to supply retail over commercial customers. Ref b). The Unifreight chief believes a deeper fuel crisis will gradually ground Zimbabwe's economy to a halt.

Comment

4. (U) By allowing the parallel to overrun the official exchange rate by 23-fold, then restricting domestic prices to artificially low levels, the GoZ is inadvertently promoting an informal economy. The government generates no revenue through these illegal exports and squanders precious hard currency by subsidizing fuel consumption for non-Zimbabweans. With no tempering of policy, the GoZ is heading for ever-worsening deficiencies of forex and fuel.

Sullivan